

Amendment No. 1 to HB3002

Harwell
Signature of Sponsor

AMEND Senate Bill No. 2863*

House Bill No. 3002

by deleting the word “or” at the end of subsection (a)(2)(B)(ii) of Section 2 and by substituting instead the word “and”.

AND FURTHER AMEND by deleting subsection (c) of the amendatory language of SECTION 2 of the bill and by substituting instead the following:

(c) The benefits that the association may become obligated to cover shall in no event exceed the lesser of:

(1) The contractual obligations for which the insurer is liable or would have been liable if it were not an impaired or insolvent insurer; or

(2)

(A) With respect to one (1) life, regardless of the number of policies or contracts:

(i) Three hundred thousand dollars (\$300,000) in life insurance death benefits, but not more than one hundred thousand dollars (\$100,000) in net cash surrender and net cash withdrawal values for life insurance;

(ii) One hundred thousand (\$100,000) in health insurance benefits; provided, for policies or contracts issued by a member insurer that becomes insolvent after January 1, 2010, the limits for health insurance benefits shall be as follows:

(a) One hundred thousand dollars (\$100,000) for coverages not defined as disability insurance or basic hospital, medical and surgical insurance or major medical insurance or long

term care insurance including any net cash surrender and net cash withdrawal values;

(b) Three hundred thousand dollars (\$300,000) for disability insurance and three hundred thousand for long term care insurance;

(c) Five hundred thousand dollars (\$500,000) for basic hospital, medical and surgical insurance or major medical insurance;

(iii) Two hundred fifty thousand dollars (\$250,000) in the present value of annuity benefits, including net cash surrender and net cash withdrawal values; or

(B) With respect to each payee of a structured settlement annuity, or beneficiary or beneficiaries of the payee if deceased, two hundred fifty thousand dollars (\$250,000) in present value annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal values, if any;

(C) However, in no event shall the association be obligated to cover more than:

(i) An aggregate of three hundred thousand dollars (\$300,000) in benefits with respect to any one (1) life under paragraphs (c)(2)(A) and (B) except with respect to benefits for basic hospital, medical and surgical insurance and major medical insurance under subdivision (c)(2)(A)(ii)(c), in which case the aggregate liability of the association shall not exceed five hundred thousand dollars (\$500,000) with respect to any one (1) individual; or

(ii) With respect to one (1) owner of multiple non-group policies of life insurance, whether the policy owner is an individual, firm, corporation or other person, and whether the persons insured are officers, managers, employees or other persons, more than five million dollars (\$5,000,000) in

benefits, regardless of the number of policies and contracts held by the owner;

(D) The limitations set forth in this subsection (c) are limitations on the benefits for which the association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer attributable to covered policies. The costs of the association's obligations under this part may be met by the use of assets attributable to covered policies or reimbursed to the association pursuant to its subrogation and assignment rights.

(3) As used in this subsection (c):

(A) "Disability insurance" means insurance that provides stated benefits upon the disability of the insured as defined in the policy;

(B) "Long term care insurance" has the same meaning as set forth in § 56-42-103(5);

(C) "Basic hospital, medical and surgical insurance or major medical insurance" means insurance that provides coverage for medical expenses incurred because of injury or illness, but does not include disability insurance, long term care insurance, Medicare supplement insurance, hospital confinement indemnity insurance, accident only insurance, specified disease insurance, loss of limb or body function insurance, or other limited benefit or supplemental health insurance excluded from the definition of health insurance in § 56-1-105.